

(1) by striking “\$70,950” and all that follows through “2009” in subparagraph (A) and inserting “\$72,450 in the case of taxable years beginning in 2010 and \$74,450 in the case of taxable years beginning in 2011”, and

(2) by striking “\$46,700” and all that follows through “2009” in subparagraph (B) and inserting “\$47,450 in the case of taxable years beginning in 2010 and \$48,450 in the case of taxable years beginning in 2011”.

(b) **EFFECTIVE DATE.**—The amendments made by this section shall apply to taxable years beginning after December 31, 2009.

**SEC. 502. EXTENSION OF ALTERNATIVE MINIMUM TAX RELIEF FOR NONREFUNDABLE PERSONAL CREDITS.**

(a) **IN GENERAL.**—Paragraph (2) of section 26(a) is amended—

(1) by striking “or 2009” and inserting “2009, 2010, or 2011”, and

(2) by striking “2009” in the heading thereof and inserting “2011”.

(b) **EFFECTIVE DATE.**—The amendments made by this section shall apply to taxable years beginning after December 31, 2009.

**TITLE VI—TEMPORARY EXTENSION OF CERTAIN PROVISIONS EXPIRING IN 2009**

**Subtitle A—Infrastructure Incentives**

**SEC. 601. EXTENSION OF BUILD AMERICA BONDS.**

(a) **IN GENERAL.**—Subparagraph (B) of section 54AA(d)(1) is amended by striking “January 1, 2011” and inserting “January 1, 2012”.

(b) **EXTENSION OF PAYMENTS TO ISSUERS.**—

(1) **IN GENERAL.**—Section 6431 is amended—

(A) by striking “January 1, 2011” in subsection (a) and inserting “January 1, 2012”; and

(B) by striking “January 1, 2011” in subsection (f)(1)(B) and inserting “a particular date”.

(2) **CONFORMING AMENDMENTS.**—Subsection (g) of section 54AA is amended—

(A) by striking “January 1, 2011” and inserting “January 1, 2012”; and

(B) by striking “QUALIFIED BONDS ISSUED BEFORE 2011” in the heading and inserting “CERTAIN QUALIFIED BONDS”.

(c) **REDUCTION IN PERCENTAGE OF PAYMENTS TO ISSUERS.**—Subsection (b) of section 6431 is amended—

(1) by striking “The Secretary” and inserting the following:

“(1) **IN GENERAL.**—The Secretary”;

(2) by striking “35 percent” and inserting “the applicable percentage”; and

(3) by adding at the end the following new paragraph:

“(2) **APPLICABLE PERCENTAGE.**—For purposes of this subsection, the term ‘applicable percentage’ means the percentage determined in accordance with the following table:

“In the case of a qualified bond issued during calendar year: .....	The applicable percentage is:
2009 or 2010 .....	35 percent
2011 .....	32 percent.”.

(d) **CURRENT REFUNDINGS PERMITTED.**—Subsection (g) of section 54AA is amended by adding at the end the following new paragraph:

“(3) **TREATMENT OF CURRENT REFUNDING BONDS.**—

“(A) **IN GENERAL.**—For purposes of this subsection, the term ‘qualified bond’ includes any bond (or series of bonds) issued to refund a qualified bond if—

“(i) the average maturity date of the issue of which the refunding bond is a part is not later than the average maturity date of the bonds to be refunded by such issue,

“(ii) the amount of the refunding bond does not exceed the outstanding amount of the refunded bond, and

“(iii) the refunded bond is redeemed not later than 90 days after the date of the issuance of the refunding bond.

“(B) **APPLICABLE PERCENTAGE.**—In the case of a refunding bond referred to in subparagraph (A), the applicable percentage with respect to such bond under section 6431(b) shall be the lowest percentage specified in paragraph (2) of such section.

“(C) **DETERMINATION OF AVERAGE MATURITY.**—For purposes of subparagraph (A)(i), average maturity shall be determined in accordance with section 147(b)(2)(A).”.

**SEC. 602. EXEMPT-FACILITY BONDS FOR SEWAGE AND WATER SUPPLY FACILITIES.**

(a) **BONDS FOR WATER AND SEWAGE FACILITIES EXEMPT FROM VOLUME CAP ON PRIVATE ACTIVITY BONDS.**—

(1) **IN GENERAL.**—Paragraph (3) of section 146(g) is amended by inserting “(4), (5),” after “(2),”.

(2) **CONFORMING AMENDMENT.**—Paragraphs (2) and (3)(B) of section 146(k) are both amended by striking “(4), (5), (6),” and inserting “(6)”.

(b) **TAX-EXEMPT ISSUANCE BY INDIAN TRIBAL GOVERNMENTS.**—

(1) **IN GENERAL.**—Subsection (c) of section 7871 is amended by adding at the end the following new paragraph:

“(4) **EXCEPTION FOR BONDS FOR WATER AND SEWAGE FACILITIES.**—Paragraph (2) shall not apply to an exempt facility bond 95 percent or more of the net proceeds (as defined in section 150(a)(3)) of which are to be used to provide facilities described in paragraph (4) or (5) of section 142(a).”.

(2) **CONFORMING AMENDMENT.**—Paragraph (2) of section 7871(c) is amended by striking “paragraph (3)” and inserting “paragraphs (3) and (4)”.

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply to obligations issued after the date of the enactment of this Act.

**SEC. 603. EXTENSION OF EXEMPTION FROM ALTERNATIVE MINIMUM TAX TREATMENT FOR CERTAIN TAX-EXEMPT BONDS.**

(a) **IN GENERAL.**—Clause (vi) of section 57(a)(5)(C) is amended—

(1) by striking “January 1, 2011” in subclause (I) and inserting “January 1, 2012”; and

(2) by striking “AND 2010” in the heading and inserting “, 2010, AND 2011”.

(b) **ADJUSTED CURRENT EARNINGS.**—Clause (iv) of section 56(g)(4)(B) is amended—

(1) by striking “January 1, 2011” in subclause (I) and inserting “January 1, 2012”; and

(2) by striking “AND 2010” in the heading and inserting “, 2010, AND 2011”.

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply to obligations issued after December 31, 2010.

**SEC. 604. EXTENSION AND ADDITIONAL ALLOCATIONS OF RECOVERY ZONE BOND AUTHORITY.**

(a) **EXTENSION OF RECOVERY ZONE BOND AUTHORITY.**—Section 1400U-2(b)(1) and section 1400U-3(b)(1)(B) are each amended by striking “January 1, 2011” and inserting “January 1, 2012”.

(b) **ADDITIONAL ALLOCATIONS OF RECOVERY ZONE BOND AUTHORITY BASED ON UNEMPLOYMENT.**—Section 1400U-1 is amended by adding at the end the following new subsection:

“(c) **ALLOCATION OF 2010 RECOVERY ZONE BOND LIMITATIONS BASED ON UNEMPLOYMENT.**—

“(1) **IN GENERAL.**—The Secretary shall allocate the 2010 national recovery zone economic development bond limitation and the 2010 national recovery zone facility bond limitation among the States in the proportion that each such State’s 2009 unemployment number bears to the aggregate of the 2009 unemployment numbers for all of the States.

“(2) **MINIMUM ALLOCATION.**—The Secretary shall adjust the allocations under paragraph (1) for each State to the extent necessary to

ensure that no State (prior to any reduction under paragraph (3)) receives less than 0.9 percent of the 2010 national recovery zone economic development bond limitation and 0.9 percent of the 2010 national recovery zone facility bond limitation.

“(3) **ALLOCATIONS BY STATES.**—

“(A) **IN GENERAL.**—Each State with respect to which an allocation is made under paragraph (1) shall reallocate such allocation among the counties and large municipalities (as defined in subsection (a)(3)(B)) in such State in the proportion that each such county’s or municipality’s 2009 unemployment number bears to the aggregate of the 2009 unemployment numbers for all the counties and large municipalities (as so defined) in such State.

“(B) **2010 ALLOCATION REDUCED BY AMOUNT OF PREVIOUS ALLOCATION.**—Each State shall reduce (but not below zero)—

“(i) the amount of the 2010 national recovery zone economic development bond limitation allocated to each county or large municipality (as so defined) in such State by the amount of the national recovery zone economic development bond limitation allocated to such county or large municipality under subsection (a)(3)(A) (determined without regard to any waiver thereof), and

“(ii) the amount of the 2010 national recovery zone facility bond limitation allocated to each county or large municipality (as so defined) in such State by the amount of the national recovery zone facility bond limitation allocated to such county or large municipality under subsection (a)(3)(A) (determined without regard to any waiver thereof).

“(C) **WAIVER OF SUBALLOCATIONS.**—A county or municipality may waive any portion of an allocation made under this paragraph. A county or municipality shall be treated as having waived any portion of an allocation made under this paragraph which has not been allocated to a bond issued before May 1, 2011. Any allocation waived (or treated as waived) under this subparagraph may be used or reallocated by the State.

“(D) **SPECIAL RULE FOR A MUNICIPALITY IN A COUNTY.**—In the case of any large municipality any portion of which is in a county, such portion shall be treated as part of such municipality and not part of such county.

“(4) **2009 UNEMPLOYMENT NUMBER.**—For purposes of this subsection, the term ‘2009 unemployment number’ means, with respect to any State, county or municipality, the number of individuals in such State, county, or municipality who were determined to be unemployed by the Bureau of Labor Statistics for December 2009.

“(5) **2010 NATIONAL LIMITATIONS.**—

“(A) **RECOVERY ZONE ECONOMIC DEVELOPMENT BONDS.**—The 2010 national recovery zone economic development bond limitation is \$10,000,000,000. Any allocation of such limitation under this subsection shall be treated for purposes of section 1400U-2 in the same manner as an allocation of national recovery zone economic development bond limitation.

“(B) **RECOVERY ZONE FACILITY BONDS.**—The 2010 national recovery zone facility bond limitation is \$15,000,000,000. Any allocation of such limitation under this subsection shall be treated for purposes of section 1400U-3 in the same manner as an allocation of national recovery zone facility bond limitation.”.

(c) **AUTHORITY OF STATE TO WAIVE CERTAIN 2009 ALLOCATIONS.**—Subparagraph (A) of section 1400U-1(a)(3) is amended by adding at the end the following: “A county or municipality shall be treated as having waived any portion of an allocation made under this subparagraph which has not been allocated to a bond issued before May 1, 2011. Any allocation waived (or treated as waived) under this